

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

POST OFFICE STRUCTURE PLAN

Docket No. N2012-2

**UNITED STATES POSTAL SERVICE RESPONSES TO QUESTIONS 1-6 OF  
PRESIDING OFFICER'S INFORMATION REQUEST NO. 3**  
(June 28, 2012)

The United States Postal Service provides institutional responses to Questions 1-6 of Presiding Officer's Information Request No. 3, dated June 21, 2012. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Anthony F. Alverno  
Chief Counsel  
Global Business & Service Development

Caroline R. Brownlie  
Adriene M. Davis  
James M. Mecone

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-6525; Fax -5402

## **RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 3**

1. In response to POIR No. 1, question 1(b), the Postal Service states, "If a review of a Post Office indicates that a reduction in the number of retail window service hours is appropriate, the Postal Service will apply its existing processes developed as part of the Postal Service's historical practice of reviewing Post Offices for changes in classification." Please describe what those historical practices include and highlight how community feedback will be considered.

### **RESPONSE**

The review of Post Offices for operational modifications is not a new process. As an example, the Postal Service routinely reviews offices under the work service credit (WSC) system prior to posting a vacant position. If the office has dropped to a lower classification level, the office is posted with the lower level. The Postal Service has utilized annual reviews as well. Under the current structure, there is a range of WSC values to ensure that offices did not go up and down year by year. These changes are determined at the local level, and notice of the changes is posted at the Post Office. Historically, there has not been a community meeting associated with adjustment in office level, even if that adjustment resulted in reduced retail hours.

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2. In response to POIR No. 1, question 10, the Postal Service estimates that full implementation of the POSTPlan will save more than \$500 million. The Postal Service reiterates that "postal management's goal in pursuing the POSTPlan is to improve efficiency and meet customer needs...." (citing Request at 3). It adds that "[t]his goal is not contingent on a specific cost savings estimate or expectation."

- a. By "improve efficiency," does the Postal Service mean reduce costs? If not, please explain what the Postal Service means by "improve efficiency" and include in the discussion how the Postal Service's current and projected financial situation plays a role or does not play a role in the need for the POSTPlan.
- b. According to the Postal Service, the goal of the POSTPlan is not contingent on a specific level of savings. Would the Postal Service pursue the POSTPlan if there were no savings? Please explain.

### **RESPONSE**

- a. The term "improve efficiency" does mean, in part, reduce costs. However, improvement of efficiency also means, in part, aligning window service hours to reflect actual customer use, thereby avoiding underutilized hours of operation. Many POSTPlan offices include non-productive hours of operation because these offices are open for more hours than customer use requires. Decreasing the number of underutilized hours at a Post Office makes the Post Office more efficient, and also reduces costs.
- b. No. The Postal Service would not pursue the POSTPlan if it did not result in savings. However, the Postal Service has not determined a particular threshold of savings that it must obtain to justify implementation of the POSTPlan. POSTPlan was developed based on the specific situation that the Postal Service finds itself. That being said, POSTPlan is a sound business approach to address underutilized hours of operation, regardless of the situation. To close the gap on underutilized hours will always lead to savings; therefore, if there were no savings, then presumably, there would be no gap and POSTPlan would not be necessary.

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**3.** In Library Reference No. 1 (USPS-LR-N2012-2/1), Column Q titled "PTPO Status" contains blank entries, as well as entries labeled "Cluster," "Isolated," "Cluster (upgraded to 18)," and "Isolated (upgraded to 18)."

- a. Please explain what each of these designations, including blank entries, represents.
- b. Please explain how each post office's corresponding "PTPO Status" was determined.
- c. Witness Day states, "As part of the POSTPlan, Postal Service officials will consider three criteria: the AEWL [Adjusted Earned Workload] of a Post Office, the distribution of RMPOs (clusters), and the distance between Post Offices." USPS-T-1 at 15, lines 11 through 13. Please explain how the distribution of clusters is used as a criterion as part of the POSTPlan.

### **RESPONSE**

- a. Column Q (PTPO Status) indicates whether or not the identified Post Office is a PTPO. A blank indicates that the Post Office will not be classified as a PTPO.

The term "Cluster" indicates that the Post Office will be classified as a PTPO due to the distribution of RMPOs (clusters). The term "Isolated" indicates that the Post Office will be classified as a PTPO due to the distance between Post Offices. Offices identified as "Cluster (upgraded to 18)," and "Isolated (upgraded to 18)" will be upgraded to EAS Level 18 Post Offices, and will not be PTPOs.

- b. Once a POSTPlan Office was determined to be eligible for a realignment of hours based on its AEWL (as explained on pages 11-16 of the Direct Testimony of Jeffrey C. Day on Behalf of the United States Postal Service (USPS-T-1)), the Postal Service analyzed the distribution of RMPOs (clusters), and the distance between Post Offices. In an effort to avoid any single APO having to manage more than 10 RMPOs (the "cluster" rule), the Postal Service determined that certain Post Offices that would otherwise be classified as RMPOs, would instead be classified as PTPOs. These Post Offices are identified in Library Reference 1 (USPS-LR-N2012-2/1) as "Cluster" or "Cluster (upgraded to 18)". Further, the

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**RESPONSE to Question 3 (continued)**

Postal Service determined that any Post Office that would otherwise be classified as an RMPO that was 25 or more driving miles from the nearest Post Office or that was outside of a 25-mile radius of the nearest APO, would be classified as a PTPO. These Post Offices are identified in Library Reference 1 (USPS-LR-N2012-2/1) as "Isolated" or "Isolated (upgraded to 18)." Finally, because PTPOs do not report to an APO and are thus responsible for administrative tasks instead of an APO, the administrative time otherwise excluded from an AEWL calculation under POSTPlan was added back in to calculate the AEWL for PTPOs. Post Offices that would otherwise be classified as PTPOs that have an AEWL (including administrative time) totaling more than 5.74 hours will be upgraded to EAS Level 18 Post Offices.

- c. Please see the response to subpart b.

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**4.** Witness Day states, "Classification of a community's Post Office as an RMPO or PTPO does not preclude establishment of a contractor-operated unit in that community." USPS-T-1 at 15, lines 9 and 10. Would such a contractor-owned unit operate in addition to or in lieu of the existing RMPO or PTPO?

**RESPONSE**

Contractor-operated units may operate in addition to an RMPO or PTPO.

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**5.** Please indicate whether the Postal Service will consider reduced post office box revenue in analyzing the net financial impact of the discontinuance as part of the improvements to the discontinuance process described on pages 22 to 24 of witness Day's testimony. If so, please explain how it intends to calculate the reduced revenue.

**RESPONSE**

It must be stressed that the discontinuance process covered in Handbook PO-101 is not part of POStPlan. That being said, there are not current plans to include Post Office Box revenue in analyzing the savings to the Postal Service associated with the discontinuance.

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**6.** For customers who are unable to pick up parcels or accountable mail during the reduced hours, what options will be available for them to access their mail?

**RESPONSE**

Customers currently may receive parcels or accountable mail through options that do not involve pick-up at a Post Office retail window, and POSTPlan will not impact the availability of these options. Such options include parcel lockers, delivery to a neighboring Post Office (including the POSTPlan Office's APO), and redelivery (home delivery at a time rescheduled by the customer).